

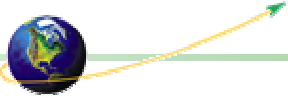


Tennessee
Image and Advertising
Evaluation Benchmark Study

Executive Summary

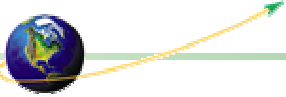
June, 2005

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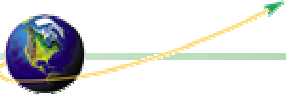
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Introduction



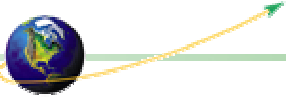
- ◉ Longwoods International was engaged by the Tennessee Department of Tourist Development to undertake a program of research designed to:
 - ◉ *Determine Tennessee's image as a tourism destination within its advertising markets.*
 - ◉ *Evaluate the Department's new tourism advertising and branding campaign.*
- ◉ The new campaign, launched in April of 2004, consisted of:
 - ◉ *Two television spots featuring two of Tennessee's native entertainment legends – Dolly Parton and Isaac Hayes*
 - ◉ *Thirty and sixty second radio spots also featuring Dolly Parton and Isaac Hayes*
 - ◉ *The television spots aired on the Travel Channel, Food Network, Discovery Channel, and other popular cable shows while the radio spots were featured on regional outlets such as the Titans Radio Network*
 - ◉ *Print advertising included both magazine and newspaper.*

Research Objectives



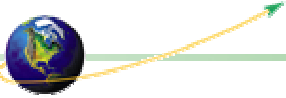
- ◉ The objectives of the research were to:
 - ◉ *Determine Tennessee's image as a travel destination and that of its key competitors in order to examine:*
 - ◉ *Image strengths and weaknesses*
 - ◉ *Image vs. competitors*
 - ◉ *Identify what is important to the traveler in choosing Tennessee over the competition and, as importantly, what are the messages that the advertising needs to convey in order to get travelers interested in visiting Tennessee.*
 - ◉ *Measure the effectiveness of the existing campaign in terms of delivering visitors and visitor spending to Tennessee.*

Methodology



- ◉ The research program consisted of a benchmark study conducted in November and December of 2004.
- ◉ An 8-page self-completion survey was mailed to 2,300 households in Tennessee's key advertising markets:
 - ◉ *The markets included Tennessee, Illinois, Indiana, Ohio, Missouri, Kentucky, Arkansas, Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi & Louisiana*
- ◉ The sample was selected from the Ipsos-Insight national mail panel, which is balanced demographically to represent the U.S. market:
 - ◉ *The surveys were directed to a random adult (18+) member of the household in order to ensure a sample representative of the adult population of these markets.*

Methodology



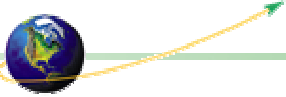
- ◉ The survey package included black & white copies of the print ads, and storyboards of the television ads that ran during the campaign period.
 - ◉ *Additionally, respondents were asked to call a toll-free number in order to listen to samples of radio ads. It should be noted that only those respondents who were resident in the markets where the radio ads were aired, were asked if they had heard the ads.*
- ◉ 2,300 surveys were mailed out and 1,294 were returned for a 56% response rate.
- ◉ In order to ensure that the data were representative of the markets being surveyed they were weighted based on age, income, sex, household size, and geographic region.

Tennessee' Image as a Tourism Destination



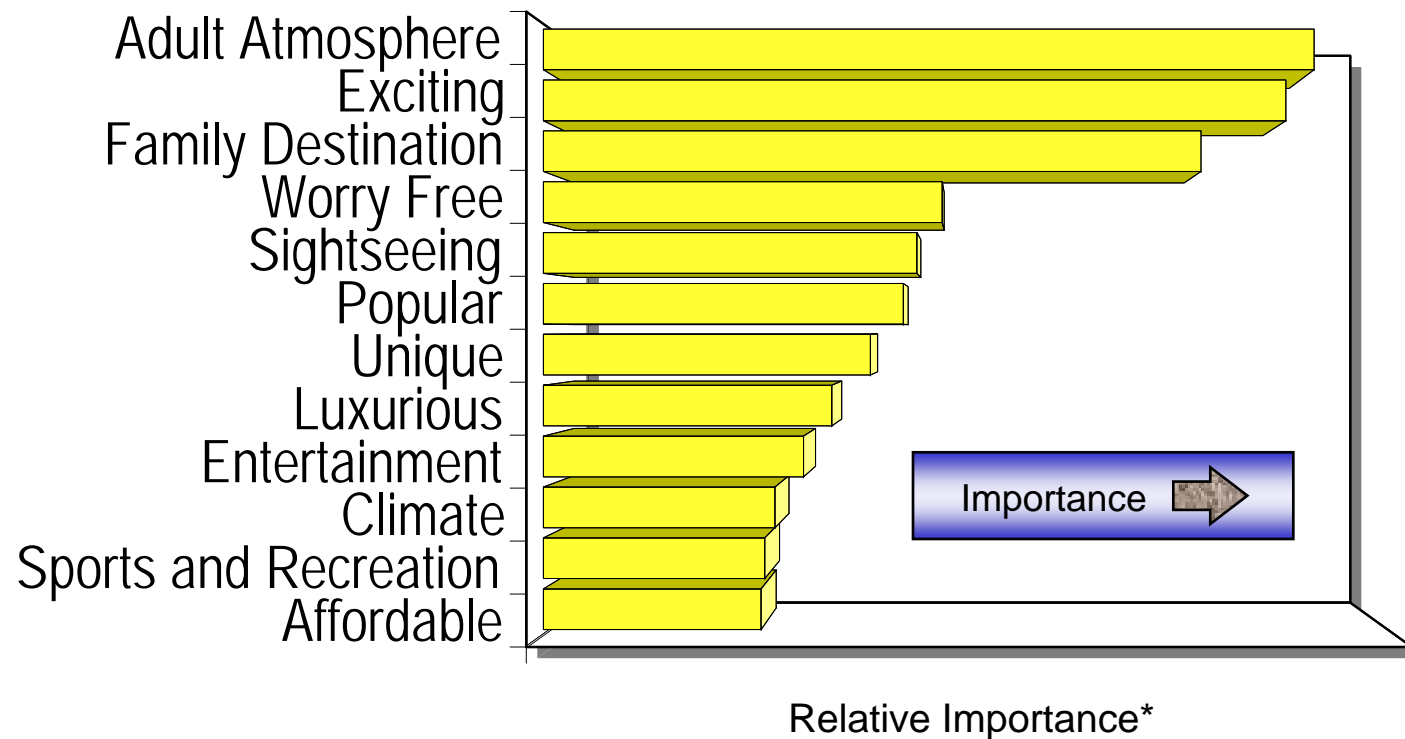
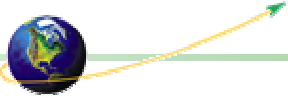
Travel Motivators

Travel Motivators



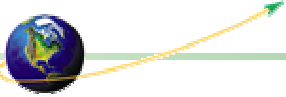
- ◉ In order to get people interested in visiting Tennessee vs. its competitors (in this study – Georgia, Missouri, North Carolina, Florida, South Carolina, and Virginia) it is important that the State be perceived to be an exciting and unique destination with lots to see and do for the whole family.
- ◉ Given the travel climate of the day, it is also important that potential visitors see Tennessee as a worry free travel experience.
- ◉ Good sightseeing, unique tourism products, great facilities, and entertainment also help to differentiate destinations within this competitive set.

Travel Motivators



*A measure of the degree of association between each factor and whether Destination is a place "I would really enjoy visiting."

Hot Buttons

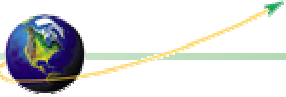


- ◉ The following are those image attributes which correlate most highly with interest in visiting destinations within the competitive set. These are the perceptions that Tennessee's marketing programs need to deliver to motivate travelers to visit Tennessee rather than its key competitors.
 1. A fun place for a vacation
 2. Must-see destination
 3. Good for adults
 4. Good for couples
 5. Good for families
 6. Unique vacation experience
 7. An exciting place
 8. A place I would feel welcome
 9. A real adventure
 10. Children would enjoy



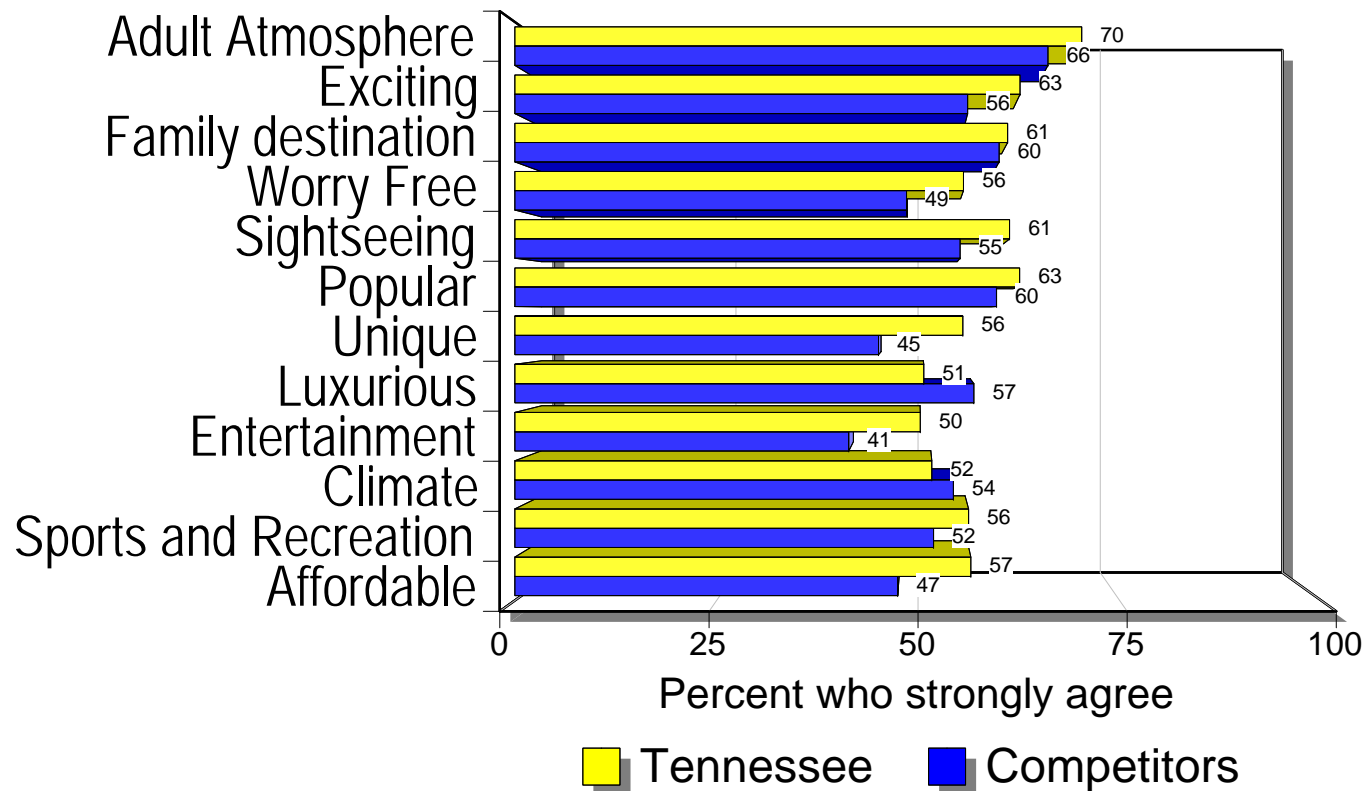
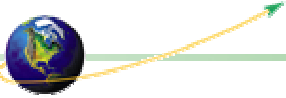
Tennessee's Image vs. Competitors

Tennessee's Image



- ◉ As we found in 2003, Tennessee has an outstanding travel and tourism image.
- ◉ In order to explore that image in more depth, however, we compared the State to stronger competitors (i.e.. Florida, Virginia and South Carolina) in the current research program.
- ◉ Clearly, within the new set of competitor states, Florida leads the pack in many important dimensions, however, Tennessee is still a leader in terms of being a worry free, unique and affordable destination. Additionally Tennessee is virtually tied for the lead in terms of sightseeing and sports and recreation.
- ◉ Key image strengths over the average of the competition are in the areas of:
 - ◉ *Scenery – beautiful and unique scenery, beautiful fall colors*
 - ◉ *Entertainment – great live music*
 - ◉ *Sport and Recreation – hiking/backpacking, hunting, horseback riding*

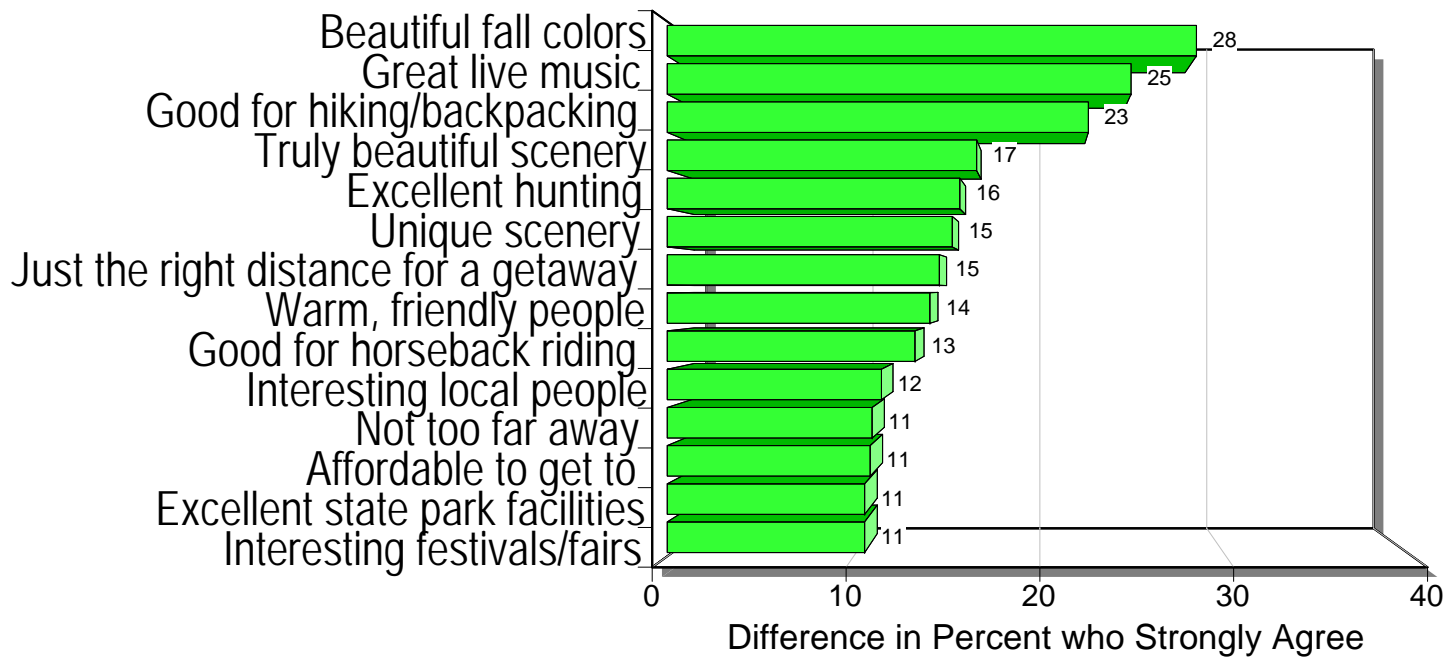
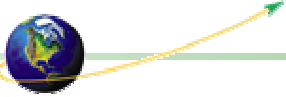
Tennessee's Image 2004



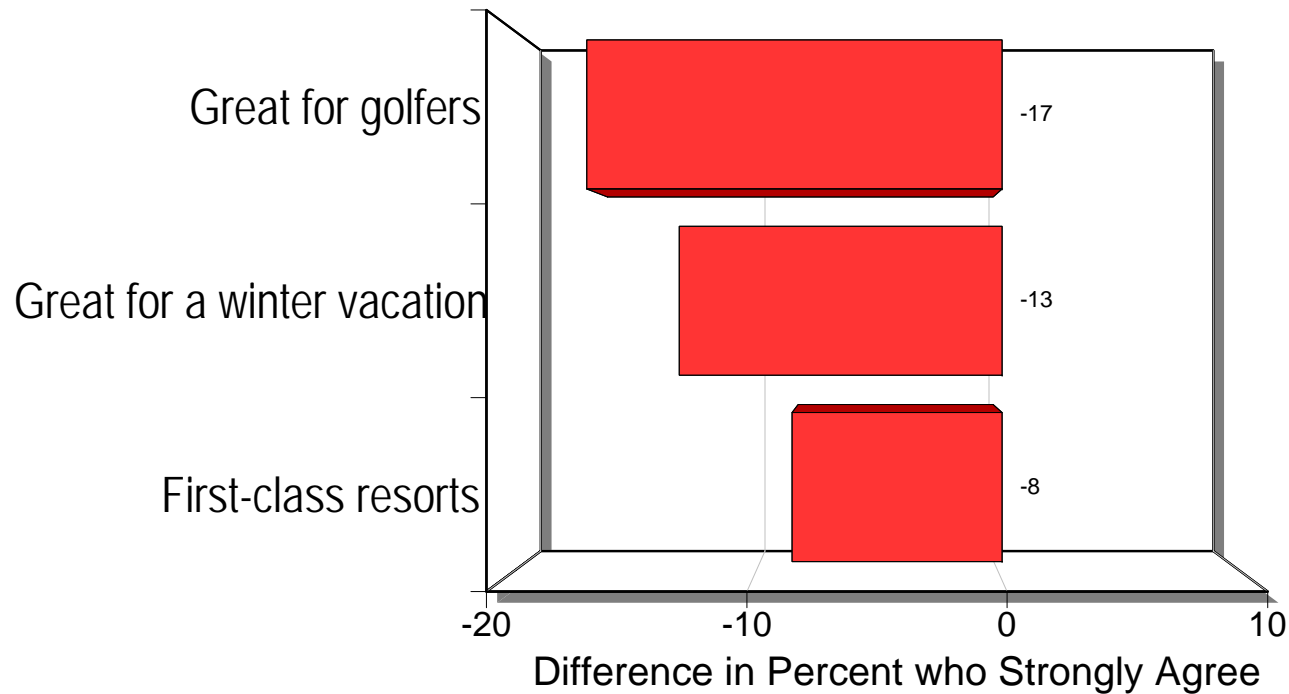
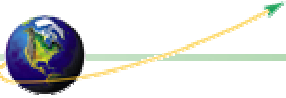
* Includes Georgia, Missouri, North Carolina, Florida, South Carolina and Virginia

Tennessee's Image Strengths vs. Competitors

Tennessee's Image Strengths vs. the Competition



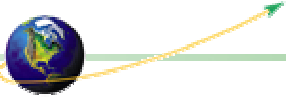
Tennessee's Image Weaknesses vs. Competition





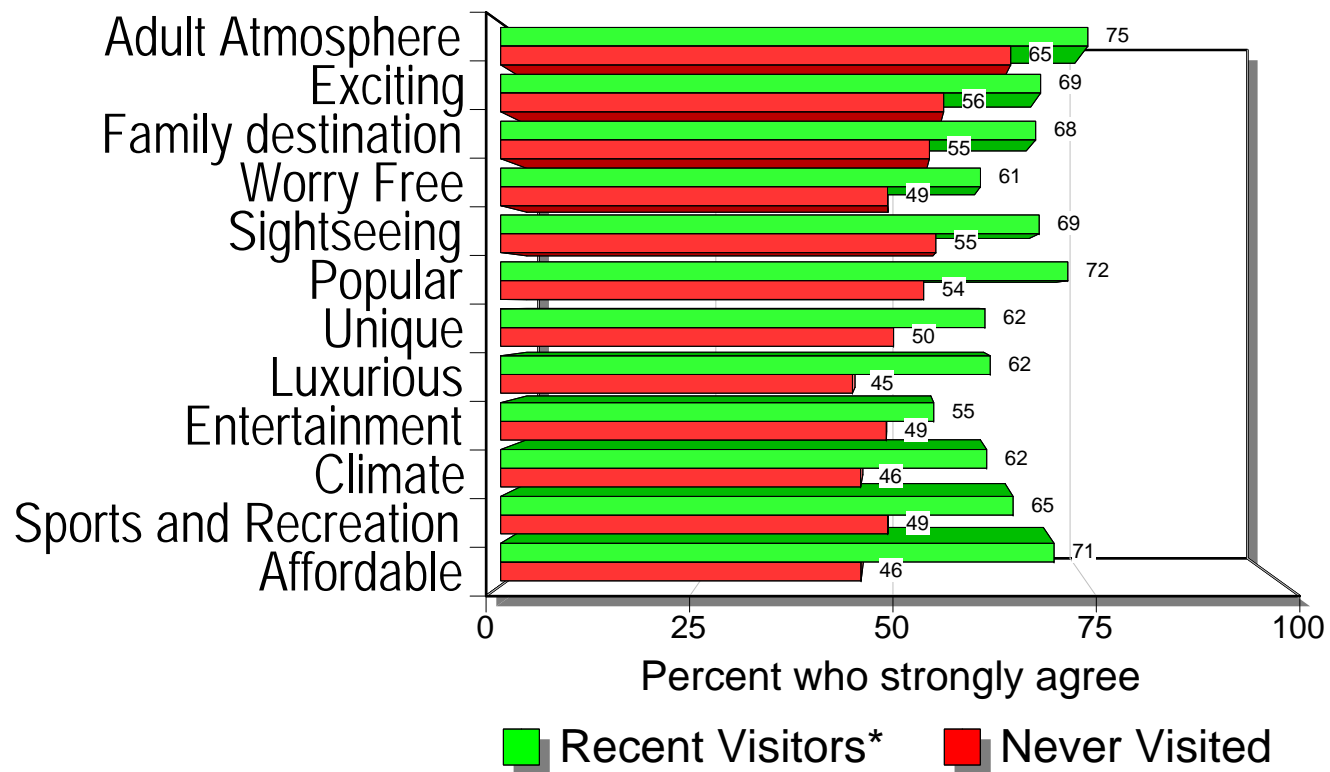
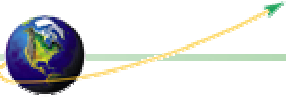
Tennessee's Tourism Product

Tourism Product



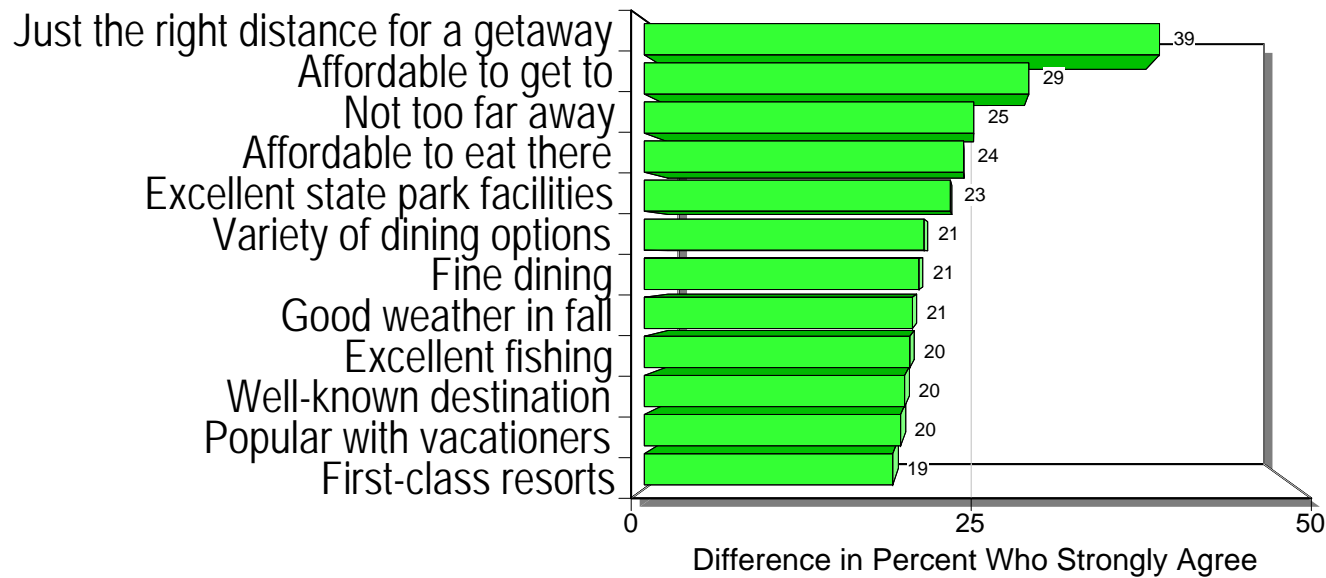
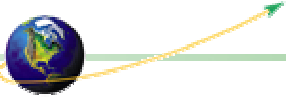
- ◉ Our approach to assessing a destination's tourism product is to compare the image ratings of those who have never been to the destination, to the image ratings of recent visitors.
- ◉ In effect, we are comparing expectations of a visit (ratings by those who have never been) to the reality or product (ratings by those who have been recently).
- ◉ In a perfect world, the ratings of the two groups are virtually equal suggesting that the visitor's expectations are being met.
- ◉ In our analysis for Tennessee, however, it appears that the visitor experience is substantially better than the expectation, suggesting that there is a communications challenge in terms of informing potential visitors that the Tennessee experience is even better than they perceive it to be.

Tennessee's Product Delivery

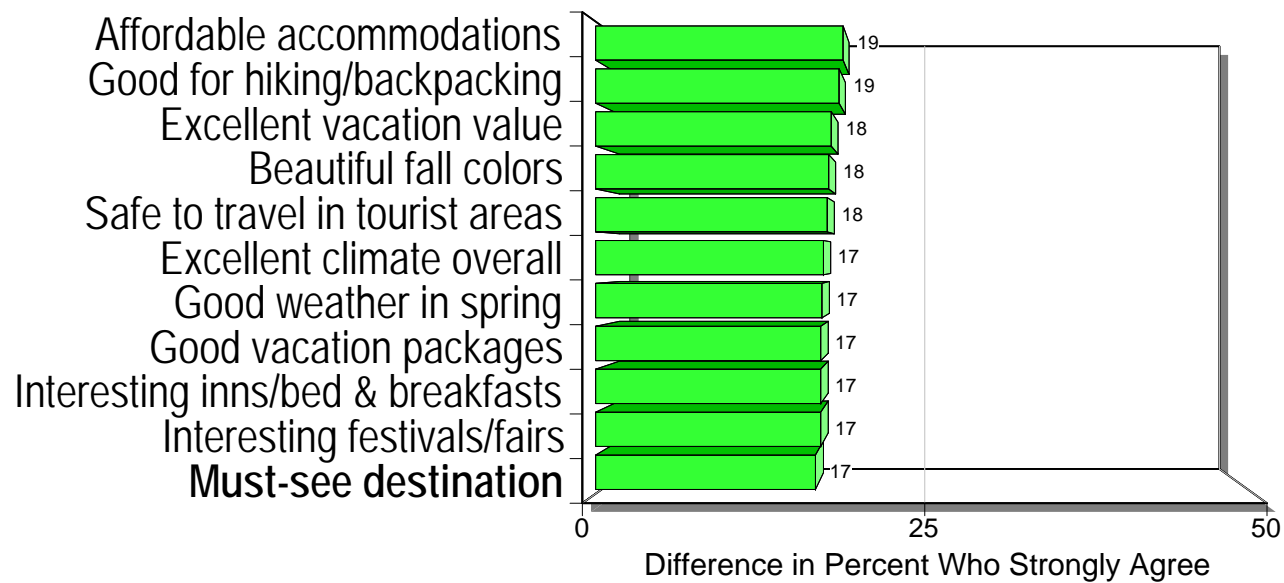
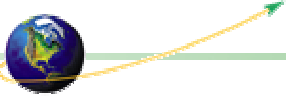


* Visited Tennessee in past 2 years.

Tennessee's Top Product Strengths



Tennessee's Top Product Strengths (Cont'd)

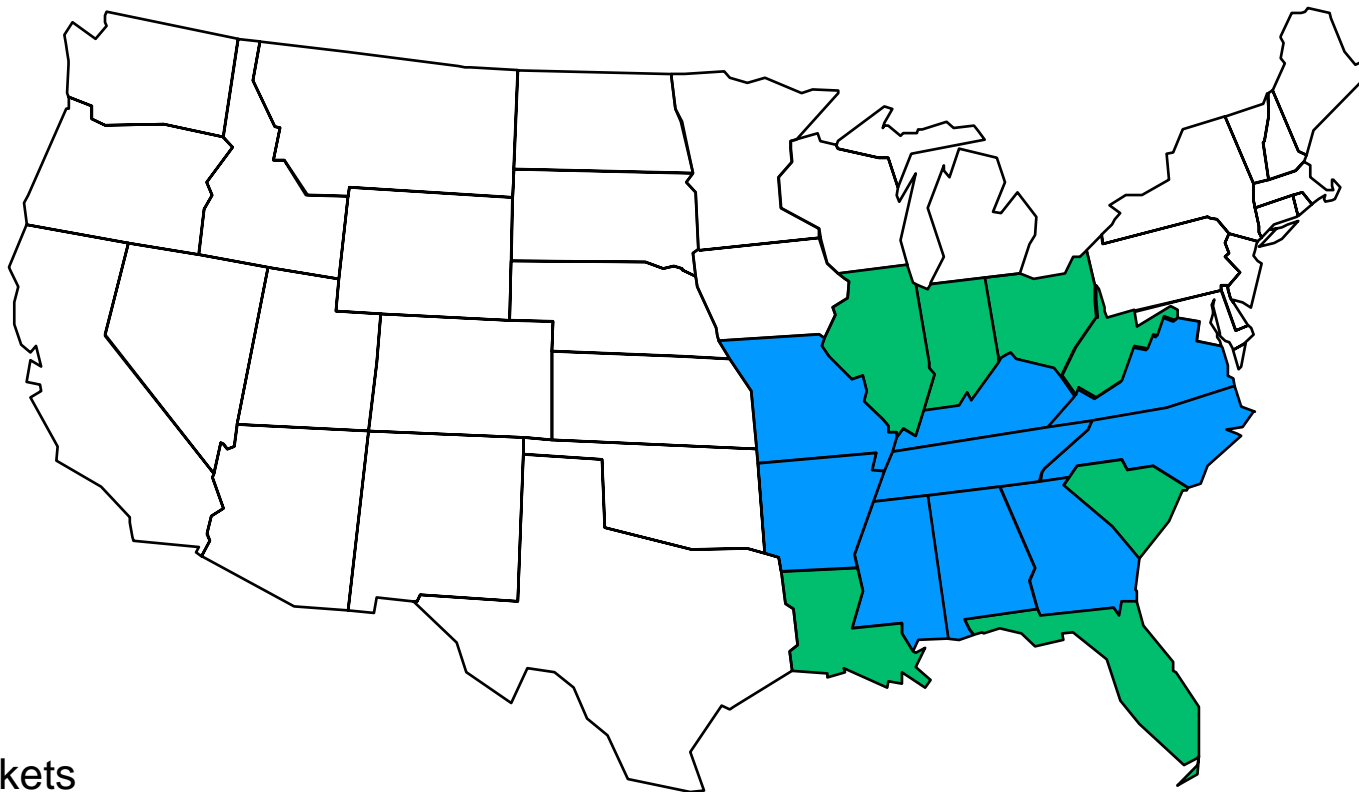
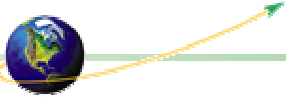


Note: Bolded items are attributes that are some of the most important hot buttons for travelers



Tennessee 2004 Tourism Advertising Evaluation

Tennessee's Advertising Markets



- Near Markets
- Far Markets



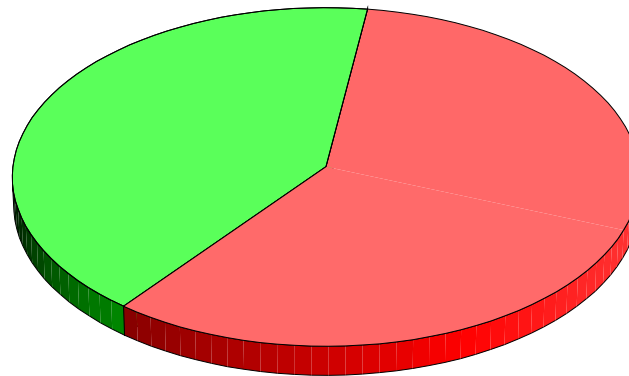
Advertising Awareness

Awareness* of the 2004 Tennessee Advertising Campaign



Base: Total Travelers

Aware
(41.7%)



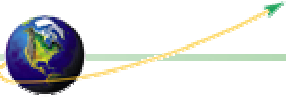
Unaware
(58.3%)

*Saw at least one ad



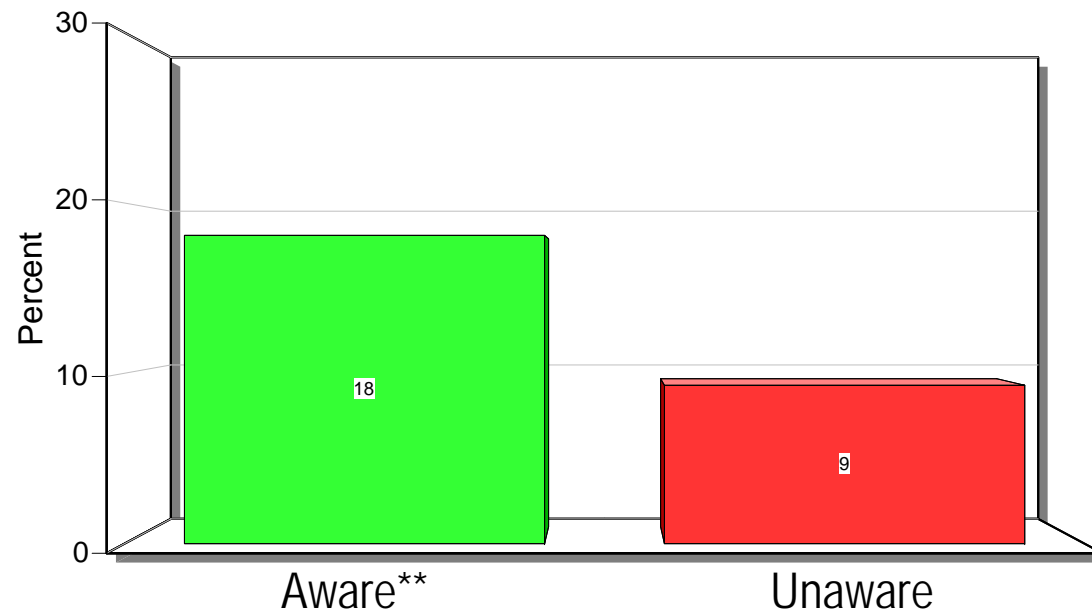
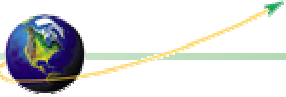
Short-of-Sales Advertising Impacts

Short-of-Sales Advertising Impacts



- ◉ It is clear that Tennessee's tourism advertising campaign is working to increase awareness of Tennessee as a travel destination and to improve the state's tourism image:
 - ◉ *Eighteen percent of respondents aware of the advertising, spontaneously and without any prompting, mentioned Tennessee as a destination they would “really enjoy visiting”. Only nine percent of those unaware of the advertising mentioned the state*
 - ◉ *Even though Tennessee already has a strong tourism image, those aware of the advertising rated the state higher on virtually every image dimension than those who had not been exposed to the ads.*
- ◉ Each of the ten communications hot buttons described on page 11 were significantly positively impacted by the new advertising campaign.

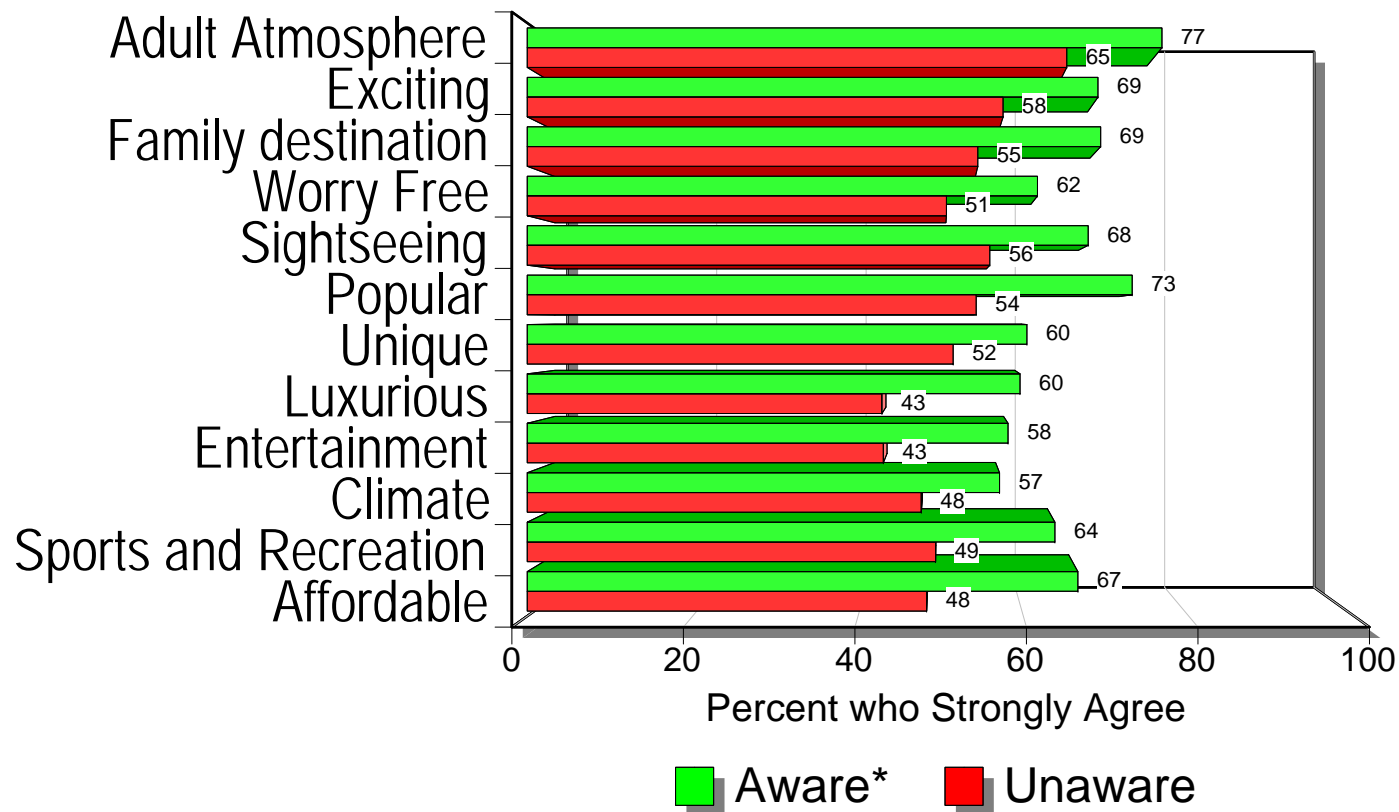
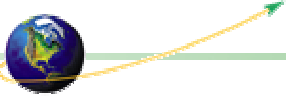
Impact of Advertising on Top of Mind Awareness*



*Spontaneous mention of Tennessee as a destination travelers “would really enjoy visiting”.

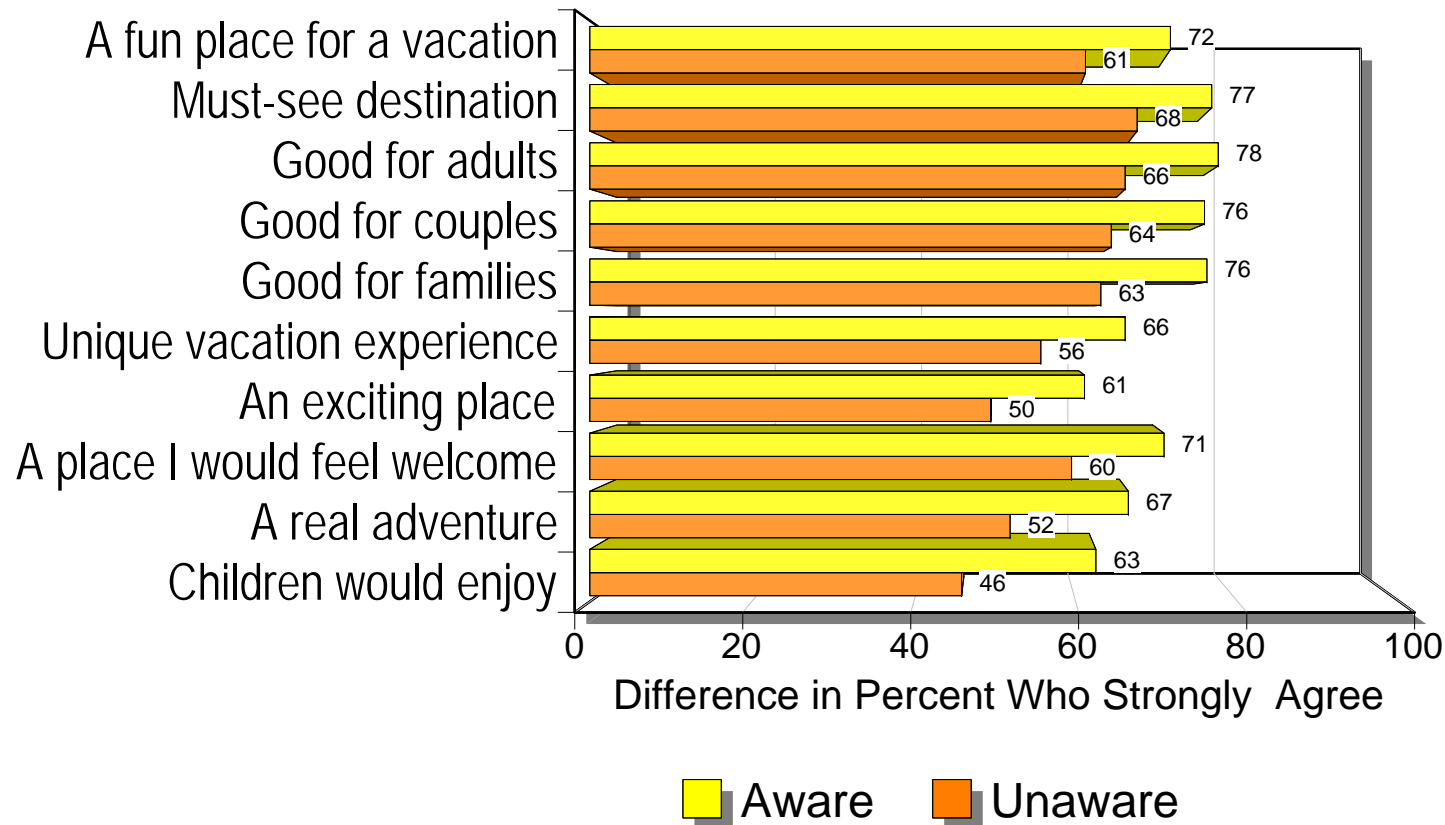
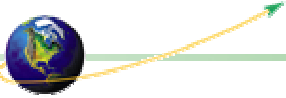
**Saw at least one ad.

Impact of Advertising on Tennessee's Image



*Saw at least one ad.

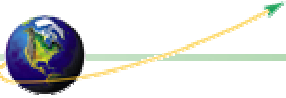
2004 Campaign Impact on Hot Buttons





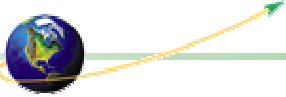
Short Term Bottom Line Impacts

Bottom Line Impacts

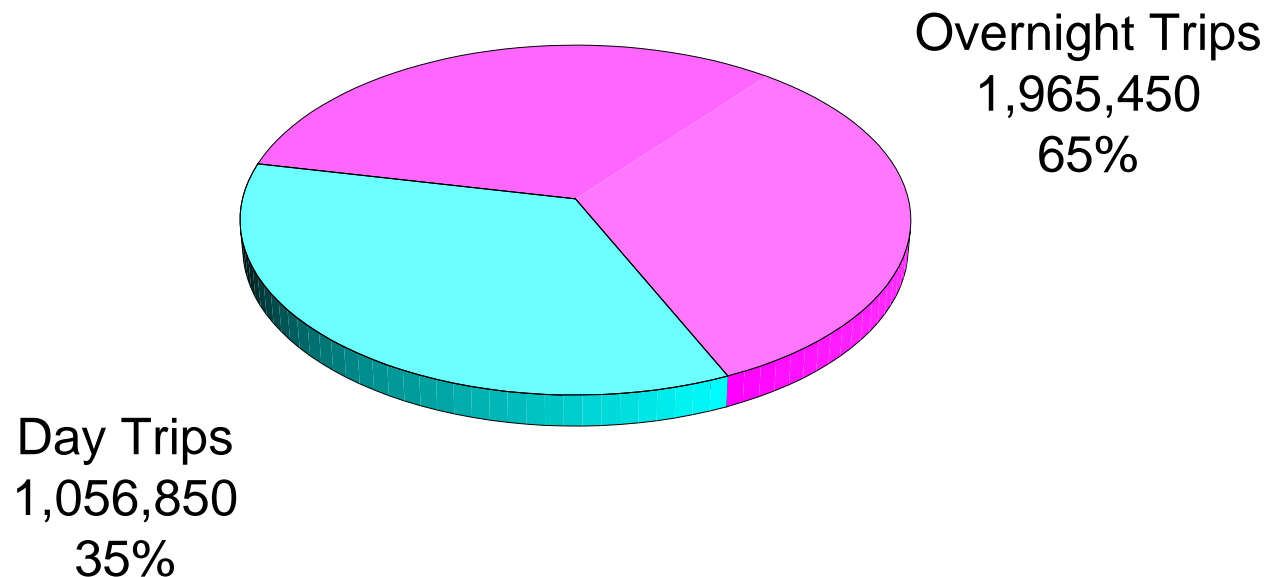


- ◉ We estimate that the 2004 Tennessee tourism advertising campaign generated in excess of three million incremental trips to Tennessee during the year of the campaign.
- ◉ Based on spending and tax data provided to us we estimate that the campaign resulted in approximately:
 - ◉ *\$390 million dollars in incremental visitor spending*
 - ◉ *\$21 million in incremental state taxes*
 - ◉ *\$12 million in incremental local taxes*
- ◉ For every dollar spent on the advertising campaign \$17.40 in state and local taxes were returned.

Trips Taken Due to Advertising During 2004



Trips Taken Due To Advertising – 3,022,300

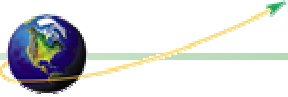


Trips to Tennessee Due to 2004 Advertising – By Market



	<u>2004</u>
Near Markets	2,490,190 (82%)
Far Markets	<u>532,110</u> (18%)
Total	3,022,300

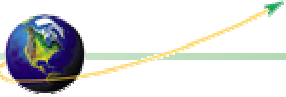
Spending In Tennessee Due to Advertising



	<u>Total</u>
Total Visitors	3,022,300
Visitor Spending/Trip*	\$129
Total Spending	\$389,876,700

•Based on spending data from the Tennessee Travel Barometer, prepared by the Travel Industry Association of America for the 2003 travel year.

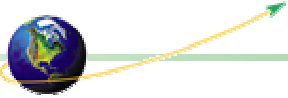
Taxes Generated By Advertising



Incremental Visitor Spending	\$ 389,876,700
Taxes Generated*	
State	\$20,879,800
Local	<u>\$11,737,100</u>
Total State and Local Taxes	\$32,616,900

- Based on the relationship between domestic visitor spending and State and local taxes resulting from that spending, as established in a report on “The Economic Impact of Travel on Tennessee Counties 2004” prepared by the Travel Industry Association of America.

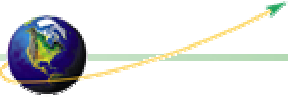
Campaign Efficiency



2004

Total trips due to advertising	3,022,300
Advertising expenditures	\$ 1,873,800
Advertising cost per trip	\$ 0.62

Short Term Return On Advertising Investment



Visitor Spending per Ad Dollar Invested	\$ 223
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Taxes per Ad Dollar Invested:

State	\$11.14
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Local	<u>\$ 6.26</u>
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Total	\$17.40
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